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CENTRAL INTELLIGENCE AGENCY

# INFORMATION REPORT

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[redacted] a meeting held in the Economics Department of the Hungarian Foreign Ministry, which was concerned with traffic restrictions to be implemented against Yugoslavia. Definite resolutions were not taken, the discussions being of a preliminary nature.

2. Among others, Berics, Minister of Traffic, attended the conference.
3. The discussion centered around how rail traffic bound for the Balkans could be handled with the elimination of Yugoslavia. In the future, no Yugoslav transit traffic via Hungary is to be admitted. It was also suggested that Yugoslav Danube River craft "might run on mines" laid by the Germans during the war.
4. The complete suspension of rail traffic between Hungary and Yugoslavia is to be effected gradually and as quietly as possible. The difficult problem of traffic between Hungary and Albania was extensively discussed.

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**Comment :**

The intended isolation of Yugoslavia in the field of traffic, a measure envisaged in the "cold war" against Tito, is a two-edged weapon for the following reasons:

a. With regard to rail operations, Yugoslavia, in the event of a complete interruption of the Yugoslav-Hungarian border traffic, which is greatly reduced, can only be cut off from Poland and Czechoslovakia. Since the economic relations of Yugoslavia tend more and more to the west, such a measure would have little effect. For communications with the west the much more efficient and mostly double-track railroad lines through the non-Soviet Zones of Austria and Upper Italy would be available.

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The counter-measures to be expected on the side of Yugoslavia would hit the considerable volume of traffic between Hungary on the one hand and Bulgaria and Turkey on the other much more effectively. In this case the Hungarian goods would have to be shipped on the much longer and more difficult route via Rumania. This route continues to Bulgaria or Turkey only via the rail ferry between Giurgiu and Rushchuk (not very efficient) or via Cernavoda which requires a long detour to the east. This route would bring about a considerable increase in the freight rate.

b. The limitation of west-bound Yugoslav shipping on the Danube, which was only started in late 1949, would be more serious. But here also Yugoslav counter-measures taken against Hungary would be much more effective. Hungarian shipping, mostly bound in the direction of the Black Sea, would be almost paralyzed in the event of a blocking of the Danube in Yugoslavia.

c. Yugoslav trade via the Adriatic Sea and the Mediterranean cannot be interfered with either by Hungary or other Cominform states.

d. Albania would be completely sealed off through Yugoslav counter-measures.

e. Summarizing, it can be stated that Yugoslavia is in a much stronger position in the field of traffic facilities. If, however, Hungary should take the measures mentioned [redacted] it would act solely on pressure exercised by the Soviets and would thus serve their interests to the detriment of her own.

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